

Assembly Bill No. 368

Passed the Assembly September 2, 2009

Chief Clerk of the Assembly

Passed the Senate August 31, 2009

Secretary of the Senate

This bill was received by the Governor this _____ day
of _____, 2009, at _____ o'clock ____M.

Private Secretary of the Governor

CHAPTER _____

An act to amend Section 6804.1 of the Public Resources Code, relating to state lands.

LEGISLATIVE COUNSEL'S DIGEST

AB 368, Skinner. State lands: oil, gas, and mineral leases.

Existing law requires the State Lands Commission to regulate oil, gas, and mineral leases on public lands. Existing law authorizes a lessee to make and file with the commission a quitclaim or relinquishment of all rights under a lease or a portion of a lease comprising a 10-acre parcel or multiple parcels in a compact form, or of a separate or distinct zone or geological horizon or portion underlying a 10-acre parcel or multiple parcels. The quitclaim or relinquishment is effective as of the date of filing and the fulfilling of certain conditions.

This bill would delete provisions referring to zones and geographical horizons of a parcel and would instead refer to land. The bill would make the quitclaim or relinquishment effective upon the completion of any required abandonment of all facilities and any required reclamation of the lease premises as approved by the commission. Commission approval, contingent upon any other agreement between the lessee and the commission, would be required for the lessee to be released from all obligations accruing under the lease with respect to the lands.

Existing law prohibits the quitclaim or relinquishment from releasing the lessee or the lessee's surety from liability for the breach of an obligation of the lease with respect to which the lease is in default at the time of the filing of the quitclaim or relinquishment.

This bill instead would prohibit the quitclaim or relinquishment from releasing the lessee or the lessee's surety from liability for the breach of an obligation of the lease if the lessee is in default at the time of the approval, rather than the filing, of the quitclaim or relinquishment.

This bill would also require a lessee's request for commission approval of a quitclaim or relinquishment of all rights under a lease or portion of a lease of land to be heard at the next regularly

scheduled commission meeting for which the request can be properly noticed.

The people of the State of California do enact as follows:

SECTION 1. Section 6804.1 of the Public Resources Code is amended to read:

6804.1. (a) Notwithstanding any other provision of this code to the contrary, a lessee may at any time make and file with the commission a written quitclaim or relinquishment of all rights under a lease or a portion of a lease of land. The quitclaim or relinquishment shall be effective upon the completion of any required abandonment of all facilities and any required reclamation of the lease premises as approved by the commission, subject to the continued obligation of the lessee and the lessee's surety to make payment of all rentals and royalties that have accrued.

(b) Upon completion of any required abandonment or reclamation, a lessee's request for commission approval of a quitclaim or relinquishment of all rights under a lease or a portion of a lease of land shall be heard at the next regularly scheduled commission meeting for which the request can be properly noticed. Upon commission approval, and contingent upon any other agreement between the lessee and the commission, the lessee shall be released from all obligations accruing under the lease with respect to the lands quitclaimed or relinquished, but the quitclaim or relinquishment shall not release the lessee or the lessee's surety from liability for the breach of an obligation of the lease with respect to which the lessee is in default at the time of the approval of the quitclaim or relinquishment.

Approved _____, 2009

Governor